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# PRODUCING AND PROVIDING THE STORY OF KIASHKE RIVER NATIVE DEVELOPMENT INC.

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Prepared by  
John H. Blair, R.P.F. Inc.

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## ROYAL COMMISSION on the NORTHERN ENVIRONMENT

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NORTHERN ENVIRONMENT

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PRODUCING AND PROVIDING  
THE STORY OF  
KIASHKE RIVER NATIVE DEVELOPMENT INC.

"How one small isolated northern Ontario community is dealing with  
unemployment, the environment and planning for the future"

Prepared for  
The Royal Commission on the Northern Environment  
by:

John H. Blair, R.P.F. Inc.  
1984

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THE ROYAL COMMISSION ON THE NORTHERN ENVIRONMENT

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This publication has been prepared for the Royal Commission on the Northern Environment. However, no opinions, positions or recommendations expressed herein should be attributed to the Commission or its staff; they are those solely of the author.

## TABLE OF CONTENTS

### ACKNOWLEDGEMENTS

### MAP

|              |   |
|--------------|---|
| INTRODUCTION | 1 |
|--------------|---|

|                                      |   |
|--------------------------------------|---|
| PRESSURES, CHALLENGES, AND RESPONSES | 5 |
|--------------------------------------|---|

|                             |    |
|-----------------------------|----|
| ORGANIZATION AND OPERATIONS | 15 |
|-----------------------------|----|

|  |    |
|--|----|
| RECENT DEVELOPMENTS AND FUTURE PROSPECTS | 25 |
|--|----|

|   |    |
|---|----|
| PROSPECTS FOR SMALL-SCALE, COMMUNITY-BASED ENTERPRISES<br>IN ONTARIO NORTH OF 50° | 37 |
|---|----|

### APPENDICES

- A. Production Statistics
- B. Selected Performance Measures
- C. Chronology of Events



### ACKNOWLEDGEMENTS

My report records the successes and problems experienced by the Gull Bay Band in its efforts to gain enhanced income, employment, and self-reliance through establishment and operation of a forestry-based community enterprise, now known as Kiashke River Native Development Incorporated. The lessons learned are highly relevant to development in other isolated northern communities.

The enterprise has succeeded because of the dedication and determination of its leaders:

|                               |  |
|-------------------------------|--|
| Chief and Corporate President | Timothy Esquega  |
| Secretary - Treasurer         | Geraldine Robinson   |
| Foreman - Scaler              | Gene Nawigijick  |
| Foreman - Production          | Eugene Esquega   |
| Corporate Board of Directors  | Pat Nawigijick<br>Frederick Nowgesic<br>Jack Penagin<br>Geraldine Robinson<br>Delores Wawia<br>John H. Blair |



The determination of the Band to gain respectability within the business community through the acceptance of start-up loans in lieu of start-up grants and to acquire credibility by providing an ongoing, reliable, and essential service to the forest industry and provincial resource agencies has earned the co-operation and support of the following organizations:

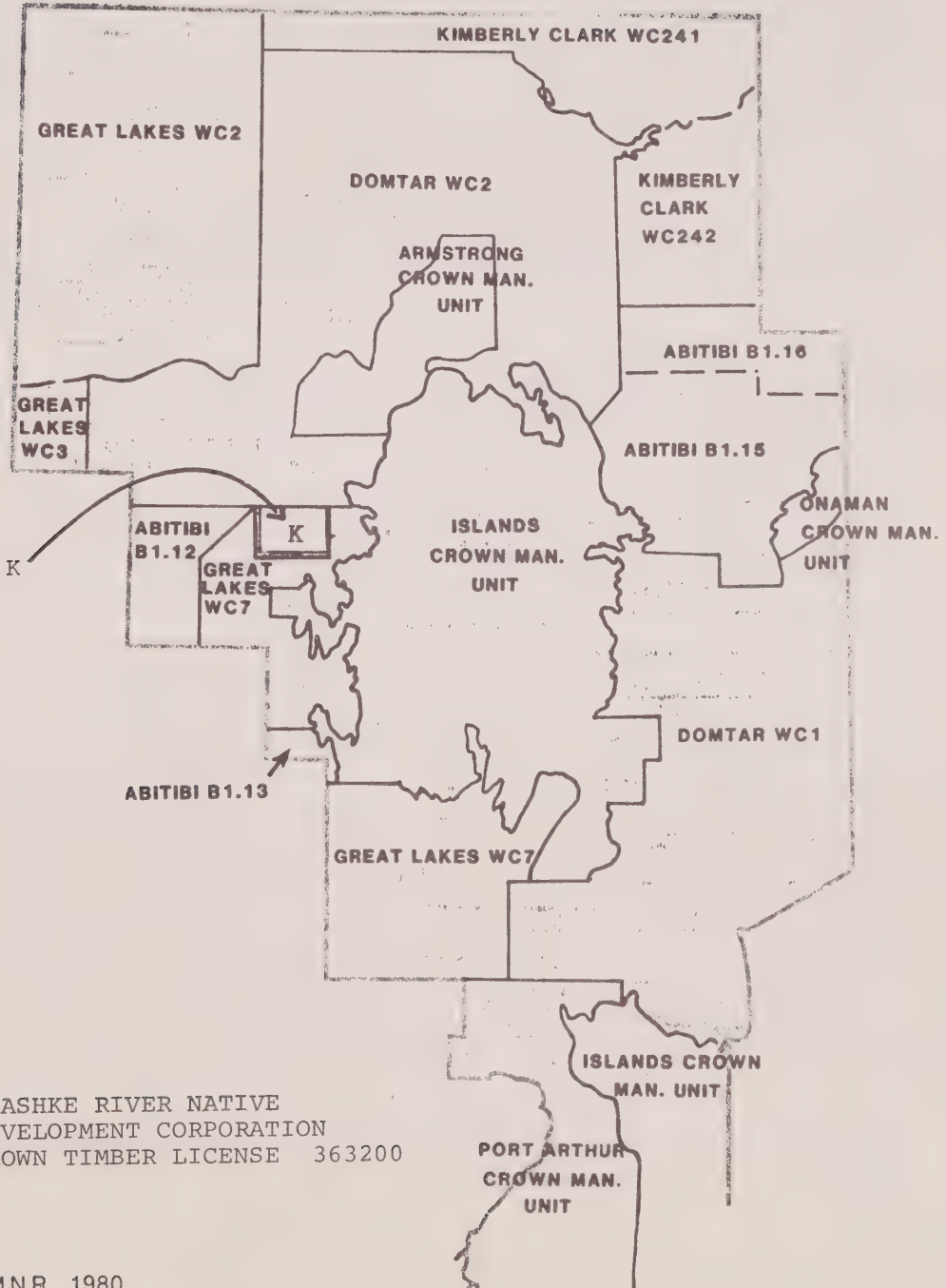
Abitibi-Price Inc.  
Department of Indian Affairs and Northern Development  
Domtar Forest Products Limited  
Great Lakes Forest Products Limited  
Great West Timber Limited  
Ministry of Natural Resources

Great Lakes Forest Products Limited (formerly Great Lakes Paper Company Limited) warrants special recognition for its part in making a timber supply available in June, 1973 for harvesting by the Gull Bay Band. Since then Great Lakes and MNR personnel in the Nipigon District have been a steady source of encouragement to Chief and Corporate President, Timothy Esquega and his people.

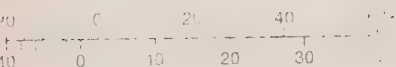


# LEGEND

-  Management Units
-  Management Unit Boundaries



Source: M.N.R., 1980





## INTRODUCTION

Gull River Indian Reserve No.55, approximately 41 km<sup>2</sup> (16 square miles) in area, and the Gull Bay settlement within it are located on the west side of Lake Nipigon on Highway 527, about 185 km (115 miles) north of Thunder Bay, Ontario. The story of Gull Bay is the story of how one small isolated northern community is confronting major development pressures impinging on it from the outside, while taking advantage of opportunities that development offers. The story is worth recounting, for the lessons learned from it are relevant to the future of other remote settlements, especially native settlements across northern Ontario.

Post-war development has had devastating social and economic impacts on local residents, mainly native people, in the small, isolated communities of the north. A brief review of some major development issues will help set the context for the story of Gull Bay that follows.

First is the issue of employment. The expansion of large-scale resource-based industries into the north has brought with it an influx of experienced and industrially-wise but unskilled workers, not only into the larger urban centres but also into many smaller isolated settlements and into their traditional hunting and trapping grounds. Because the residents (mainly native people) of these small communities depend largely for their livelihood on hunting, fishing and trapping, activities that do not demand rigid hours of work or production quotas, it is not surprising that they have not acquired the production-related mental disciplines needed by today's capital-intensive resource industries.

Although training programs would appear to be an obvious solution, such programs to date demonstrate a rather poor track record so far as the residents of these isolated communities are concerned. Managements of newly arrived resource-based industries, as good corporate citizens, offer jobs to the local citizens and call upon governments to carry out whatever training is required in order to convert the applicants into productive, steady, on-the-job employees. As part of their training sessions, the applicants are often introduced into artificial work settings lacking in the pressures that become evident later when the new employee becomes part of a production unit composed of imported experienced transient workers and supervisors, often of a different culture. The production-acclimatized co-workers are frequently intolerant of the newly hired local residents who are initially unable to keep up with the work pace or who don't understand the reason for maintaining it. The result, of course, is that the inexperienced and less skilled local workers may find themselves ridiculed and shunted aside as "unemployable".

Because of different attitudes towards money, a particularly risky time for such newcomers to a company's work force is their first payday, when it is not unusual for them to receive more money than they

have ever had before. Too often the result of such sudden wealth is a failure to appear the next scheduled work day, an event likely to be followed by disciplinary action on the part of production supervisors.

To be fair to the companies, it is necessary to add that aggressive front-line supervisors, responsible for predetermined levels of efficiency, may find their own job security threatened by the performance of the newly hired native and other local residents and are quick to take corrective action, including discharge of marginal and low producers.

A second, related issue is that of transiency. Because of the difficulty, uncertainty and costs which go with training new workers, the companies favour recruiting experienced workers from outside. These outsiders may have little or no intention to take up permanent residence, but they often have a strong urge for fast money that leaves the area when they do. When workers and their supervisors put down no roots, as is often the case today, the attitude of all dependent on the industry tends to become one of transiency.

A third issue, also related to the first two, arises from the particular vulnerability of the residents of small communities to the effects of unemployment and underemployment. The post-war period has seen virtually all governments of developed countries in the western hemisphere undertake unprecedented social and welfare commitments to improve living standards. The effects of such programs on Canadians have varied profoundly from place to place, depending on the size, location and, particularly, the economic base of the community.

The larger urban communities, with their well-established economic bases, are better equipped to absorb the unskilled and seasonal workers living in their midst who depend on the federal, provincial and municipal welfare programs available to them. Such individuals, by virtue of their place of residence, enjoy not only the benefits provided to them, but also such other amenities as electricity, water and sewage, shopping facilities and good schools, which typify the larger, more prosperous and more stable communities. Many northern communities lack these facilities, which most Canadians take for granted. As a result, unskilled workers tend to gravitate to the bright lights of the larger centres where life is easier.

In contrast, through no fault of their own, seasonal workers residing in small, isolated northern communities without a sound and stable economic base do not enjoy the same range of benefits as their counterparts living in the larger communities to the south. As a result, the frustrations, jealousies and resentments of these northerners understandably grow as they view their southern counterparts (mostly non-native), equally unqualified, improving their standards of living without any special effort on their part.

The fourth issue, relevant to native people particularly, has to do with the prospects for cultural and economic survival. For obvious reasons, the hopes of residents of isolated northern communities for a better life for themselves and their children decline when they see resource industries, with their unionized workers and the apparent blessing of governments, bring experienced workers with northern urban centres and their own communities. Moreover, they perceive the advent of large-scale resource extraction activities, especially timber harvesting, into their communities' hinterlands as a serious threat to the survival of the traditional hunting, fishing and trapping activities on which they largely depend for their livelihood.

Affluent outsiders having little knowledge of conditions that exist in the north frequently suggest that the unskilled, untrained local residents of isolated northern settlements should leave their communities, or their Reserves in the case of Status Indians, to take their chances in the outside world. I believe that such a step is far too formidable for any but the best educated and most courageous, and may not even be desirable in view of the growing unemployable element already established in the larger centres "outside".

What, then is the solution to the problems of these local residents? Unfortunately for the accountants and administrators, there is no single simple solution. And yet, native people and others residing in the small communities are Canadian citizens and are entitled to help if they demonstrate a willingness to help themselves. They have shown that they can perform well in a wide variety of professions. Like a great many of the young people elsewhere in Canada, young native people are indicating a preference for work in the outdoors, away from large industrial centres. The younger generation of native people is also rapidly becoming better informed of its rights as citizens and less tolerant of slow-moving government bureaucracies. As in the case of other ethnic groups, native Canadians understandably want to retain their own culture. I believe that they want to work in order to have money in their pockets so that they can acquire things that other citizens have. The main difference, as I see it, is that they want to maintain their traditional rights to hunt, fish and trap without restraint. But most of all, I find that local residents of isolated northern communities are determined to share in resource development. Native people know that there are high paying jobs in the resource extraction industries; government and industry planners cannot expect that northern local residents will continue to politely step aside to permit outsiders to take the available jobs which have the potential for eliminating their traditional ways of making a living, such as hunting and trapping. They also know that with proper planning their traditional hunting and fishing areas can remain productive in perpetuity.

Although there is no single simple solution to the problems confronting these small isolated northern communities, the accomplishments of the Gull Bay Band and its creation, Kiashke River Native

Development Inc., have shown promise as an innovative alternative development approach that can not only mitigate some of the most devastating impacts of large-scale development, but can also generate a flow of benefits to residents, to industry and to society generally. Success stories, like that of Gull Bay and "Kiashke", are teaching resource-based companies willing to work with native groups that the establishment of small independent resource businesses can be a mutually rewarding method for developing the north. Small independent native businesses can set their own worker production levels and in this way assist local residents to acquire the skills that are necessary if they are to produce and to obtain the amenities of life that they seek.

Besides the expected material things that employment is able to provide, other benefits arise, such as a higher degree of self-respect as one makes the transition from a being a welfare burden to financial independence. Of course, there are still other benefits that become available when money spent on welfare can be diverted to meet other needs of society or the community, such as health programs, running water, and education. The forest industry benefits by becoming more competitive in world markets as a result of not having to provide logging camps, some of which cost more than one million dollars to construct and furnish. The cost of staffing, heating, lighting and maintaining such camps is considerable. A bonus benefit to both the workers and the industry is that small forest-based community economies permit members of the work force to live at home with their families — a necessity for close family relationships and a contented work force.

## PRESSURES, CHALLENGES, AND RESPONSES

### Changing Times - Mounting Pressures

In the period of time between the end of the hostilities of World War II and the beginning of the 1970's, members of the Gull Bay Band depended largely on seasonal employment, government sponsored make-work programs and outright welfare for their livelihood. The seasonal employment included trapping, commercial fishing, guiding, tree planting, fire fighting, some logging and some construction work on the highway passing through Reserve lands. Only a very few fortunate individuals had steady employment such as at the Band office, the school, or the former Hudson's Bay Company store.

During this early period, there had been considerable logging in the vicinity of the Gull River Indian Reserve. Timber readily accessible to the waterways was harvested for delivery by water to the mills to the south. During this era, the forest-based companies, not having the same hiring restrictions as they do today, employed a number of residents from the Reserve in their logging operations, which tended to be more labour intensive than in today's era of mechanization and automation.

However, as time passed with little noticeable change visible to the Gull Bay Band, the forest industry's demand for wood fibre was escalating rapidly. Simultaneously, the sudden technological change in road building equipment and techniques, in conjunction with these increasing requirements for wood and the demands of residents of northern communities for road access to the south, led the government to expand its northern highway system. As a result, the residual timber surrounding I.R. #55 and in areas farther north rapidly became accessible and attractive to the wood-using mills to the south. But industry's labour requirements had changed. Instead of manual labour, skilled machine operators were in demand.

What was about to happen to the Gull Bay Band was also being experienced not only across northern Ontario but elsewhere in the Boreal forest of Canada as forest and other resource-based industries were reaching out farther and farther northward for their raw materials.

The sudden and unexpected influx of transient loggers from other provinces and overseas to harvest the timber on the southern and northern boundaries of the Reserve shocked members of the Gull Bay Band. They suddenly realized that their traditional hunting and trapping grounds, on which they largely depended for food and some revenue, were about to have their timber removed. And with that, a dramatic change in wildlife population would come about.

Strange as it may seem, the Gull Bay Band received no advance notice from either of the two levels of government that citizens depend

on to look after their interests. Such insensitivity by government and industry in not recognizing, or not caring, that the life style and necessities for survival of 375 Canadian Indian people were threatened accentuates the need for guidelines for future development.

### Early Decisions

The Gull Bay Band chose not to oppose the development of the area's resources because of its potential for employment of Band members, as in the past, and because of the author's advice to Chief Esquega that, with planning, the timber could be harvested in a manner that would maintain an environment capable of supporting their hunting and trapping activities.

Leaders of the Gull Bay community were well aware that new employment opportunities were crucial in order to reduce the intolerably high levels of alcoholism, vandalism, violence and defeatism which plagued the Reserve. But formidable obstacles stood in the way of their active participation in the timber harvesting operation on lands surrounding the Reserve. For one thing, they were shocked to find that the entire forest area had been licenced to the larger companies for timber harvesting. For another, they discovered that industry was no longer as free as it had been to hire local residents, because of the seniority provision in the union agreements. Finally, they learned that the nature of the operations had changed, calling for skilled machine operators in place of manual labourers.

Clearly the onus was on the government and industry to help open the door for the community's participation in the timber harvesting enterprise and to prevent crippling damage to the Band's fishing, trapping and hunting grounds. It was this concept that Chief Esquega and the writer sought to sell to the Ministry of Natural Resources and the forest industry.

As a result of these externally imposed circumstances, the Band concluded that the resources of the area surrounding the Reserve should be used in a manner compatible with the multiple-use concept of forest land planning and management. In this way, the traditional vocations of hunting, trapping and guiding followed by Band members and outsiders alike would be protected and, at the same time, logging activity would be available to provide the jobs desperately needed to bring law and order back to the Reserve.

Band members were not optimistic about their prospects for securing employment as loggers in the company operations. Instead, they realized that, if they were to succeed at logging, their chances would be better in an operation of their own than in the militant unionized operations of the larger employers. Experience here and elsewhere has taught that new native-operated and native-controlled ventures normally demonstrate a built-in understanding of the productive strengths and shortcomings of native workers. In the case of the initial years of the Kiashke operation, it was not unusual for

the workers to work on a Saturday or Sunday in order to achieve minimum weekly production targets. Solutions were developed that met the unique needs of the work force and the operation.

Above all, the concept of a community enterprise based on the multiple use of forest land makes eminently good sense and merits government support. Forests are renewable and therefore capable of supporting permanent communities. In recent decades, governments, in fulfilling their responsibilities with respect to providing education, health services and the like, have promoted the concentration of northern residents, mainly native people, into central locations. Is it not reasonable then to allocate, utilize and manage the accessible renewable natural resources to provide an economic base for such central locations and employment for the local residents who want to work?

### The New Administration

Following an era of severe internal violence on the Gull River Reserve, Chief Timothy Esquega and his Council were elected with the mandate to initiate better law enforcement, a more dependable source of electric power, and more economic development on the Reserve than had existed under previous administrations.

The new administration, undaunted by the depressed state of the community and the frustrations of its people and believing that the quality of life could only be improved, set to work to develop a strategy and identify priorities for change. What resulted was a three-pronged effort personally led by Chief Esquega and assisted by Band Administrator Frederick Nowgesic. They set three objectives for the community.

- 1) to acquire law and order, an objective achieved by the establishment of an efficient all-Indian police force that was subsequently recognized in public as the first of its kind in Canada;
- 2) a better and more dependable source of on-site diesel-generated electricity; and
- 3) a positive approach to searching out employment opportunities for those residents of the community who were able and willing to work.

The first two of these objectives were attained through negotiations with various provincial and federal government agencies. As is normally the case, the last objective, the generation of employment opportunities and the filling of the jobs on an on-going basis, has proved far more difficult to attain. During the decade 1972-1982, Chief Esquega, despite numerous disappointments and setbacks, has never given up in his efforts to search out employment opportunities for the residents of his Reserve. The gains, particularly in credibility

within the business community of the region, outweigh the setbacks experienced. Under the Esquega administration, those residents of the community of Gull Bay who wished to become involved in the various forestry activities that evolved have benefitted financially, materially and spiritually and have recovered their lost self-dignity and confidence.

Readers who wish to gain a better appreciation of the magnitude of the problems confronting Chief Esquega and his Council are referred to Rudy Platiel's report in the Globe and Mail, September 28, 1972, which appeared one month after the Band election in August, 1972.

### The Decision to Create a Forest-Based Economic Community

In July 1972, I happened to meet Band Councillor Timothy Esquega who then had aspirations to be elected Chief of the Band in the forthcoming election. A friendship and mutual respect that have lasted more than ten years grew out of our initial meeting.

The large-scale logging activity of a timber contractor near the south boundary of the Reserve reminded Band members dramatically that the timber stands within commuting distance of the Reserve had now become a source of marketable forest products for mills at Thunder Bay and elsewhere in the region. This realization led Chief Esquega and his Council to pursue means of capitalizing on this renewable natural resource in order to provide the employment opportunities so desperately needed.

The sincerity and enthusiasm displayed by the Chief and Council while consulting with the Department of Indian Affairs and Northern Development during the spring of 1973 encouraged me to conduct a logging feasibility study to determine the potential of the area; the study report was submitted in October, 1973. Investigations quickly revealed that the 41 km<sup>2</sup> (16 square mile) Gull River Indian Reserve was virtually devoid of merchantable timber as a result of the very severe wild fires that had ravaged the region during the 1930's and the 1950's. More promising was the discovery that excellent merchantable jack pine timber stands were growing on both sides of Highway 527 on sandy soils north of the Reserve, extending as far as Kopka Lake, 24 km (15 miles) away.

With the presence of merchantable timber within 24 km of the Gull River Indian Reserve, the Chief and Council engaged legal counsel to assist in the creation of the Gull Bay Development Corporation in accordance with the corporate statutes of the Province of Ontario. On March 13, 1974, the Corporation's Charter was granted, making the Band a legal corporate entity and enabling it to enter the business world.

With this achievement, the mechanism was now in place for the settlement of Gull Bay to become a bona fide forest community with an economy based on renewable natural resources (i.e., timber, fish, fur-bearing animals, game, tourism resources, and cones for picking). But

Chief Esquega's dream could become a living reality if, and only if, three additional ingredients were secured: first, the rights to harvest the recently discovered supply of merchantable timber; second, a market for the forest products produced; and third, and most important of all, a community work force of men and women sufficiently motivated to capitalize on the resources at hand. Suddenly the moment of truth had arrived for Band members to take a gigantic step towards becoming masters of their own destinies.

### The Search for a Timber Supply: The Company's Response

Excellent merchantable timber stands existed near the Reserve. However, to the great dismay of Chief Esquega and his Council, these could contribute nothing but further frustration to the Band unless harvesting rights could be acquired. A study of a timber licence map revealed that the entire area had already been allocated to the forest industry by the Ontario Ministry of Natural Resources (MNR). This unhappy interpretation of the map was confirmed by a member of the Timber Branch of the MNR.

Chief Esquega and his Council were soon to learn the wisdom of the statement that "It's always darkest before the dawn", on a visit to my office to ponder what to do next regarding a timber supply. A telephone call was made to a different office within the MNR, in order to request a second look at the timber supply situation within operating distance of the Reserve and to see whether any merchantable timber could be made available. The immediate response was that no unallocated timber appeared to be available. Only the remote possibility remained that the Honourable Leo Bernier had not already approved an Order-in-Council that would transfer a small timber area from an inactive licensee to Great Lakes Paper Company Limited, now Great Lakes Forest Products Limited. The civil servant agreed to check with the MNR's Toronto office and, if the document was still unsigned, to place a "hold" on it and call back within the hour. The suspense was terrible, but fate again smiled on the Band that morning in the form of a telephone message advising that the transfer had not been completed. The Order-in-Council would be held in abeyance pending the outcome of the Band's proposal.

After several meetings at which Chief Esquega reiterated the need for employment for his people and the author explained the potential and plan of operation for the area to meet the needs of the Band, a letter dated June 7, 1973 from Great Lakes Paper Company Limited advised that the company was willing to co-operate with the Band in its efforts for an improved lifestyle. Briefly stated, the outcome of discussions between the parties was that the newly formed Corporation was given a two-year time limit in which to establish a viable logging operation on a 101.5 km<sup>2</sup> (39.6 square mile) area. A timber licence for the area was granted to the Corporation with the understanding that, if the operation failed, the area would revert to Great Lakes Paper Company Limited, to which it had been committed formerly. This co-operative action of the MNR and the company provided the Gull Bay Band

with an opportunity to demonstrate its willingness to work and its capabilities to operate and control a logging enterprise. At the same time, it protected the interests of Great Lakes Paper and fulfilled the MNR's requirements.

This 1973 decision of Great Lakes' corporate management demonstrates a sensitivity to and an understanding of the poverty of northern native people as well as a willingness to work with energetic entrepreneurs such as Chief Esquega in searching out mutually beneficial solutions to problems and needs. In this case, the Band needed jobs and the company needed a sustained wood supply for its mills.

Having acquired a supply of timber, Chief Esquega and his Council were now confronted with the tasks of obtaining a market for forest products and setting up a production organization capable of fulfilling the Corporation's commitments to the MNR and to the potential buyers of the timber harvested, whoever they might be.

### The Search For Markets

Up to this point, the Chief and Council had been cast in the role of elected leaders of a small Indian band beseeching governments and industry to provide them with an opportunity to become self-employed as forest production workers and managers in a native-operated and native-controlled business. Their requests received a favourable response. Now, for the first time, Chief Esquega was required to change his role from begging on behalf of his electorate to capitalizing on the opportunity that had been placed within the grasp of his people. Could the Chief, the Council, the Band, and I back up our claims?

It fell to me to assess the timber available for harvesting in order to determine the "mix" of raw material that could be made available to potential customers within the wood-using industry. The timber at hand was predominantly pulpwood-sized jack pine, with modest volumes of pole and some sawlog material sporadically sprinkled throughout. After mentally matching the available timber supply with the major users of jack pine forest products in the region, I was able to identify and contact potential customers quickly. It became immediately apparent that the forest industry was well aware of the reputation of members of the Gull Bay Band for their unsatisfactory work record with employers in the region. Not surprisingly, industry had little confidence in the ability of native people in general to produce, and demonstrated this by graciously rejecting our services. However, fate again smiled when Domtar Forest Products and Northern Wood Preservers expressed their willingness to give the Gull Bay Development Corporation a chance to prove itself.

In view of the cautious response of the industry and the unhappy logging experiences of other bands farther west, it became more apparent than ever that the logging system implemented should be the



Photo 1. Signing the First Contract  
Standing L. to R. Peter King and Frederick  
Nowgesic.  
Seated L. to R. Fen Hedley and Chief Timothy  
Esquega.

Chronicle-Journal

most simplified one possible and that an absolute minimum of risk capital should be employed until the Band demonstrated its sincerity and capability to become a dependable supplier of forest products to the huge market within the region. Since Domtar required one-hundred inch pulpwood, Northern Wood Preservers automatically became the preferred market because of its ability to use "tree length" timber for conversion into poles, sawlogs, studs, round pulpwood and chips at its mill in Thunder Bay.

Chief Esquega had now advanced to that critical stage of negotiating prices and conditions of sale. If a mutually acceptable agreement couldn't be reached with Northern Wood Preservers, start-up funding would not be forthcoming for the venture from the Department of Indian Affairs and Northern Development.

### Negotiating the First Contract With Northern Wood Preservers

After lengthy negotiations, a fair and reasonable rate for tree length timber delivered to the NWP wood storage yard in Thunder Bay was agreed upon, pursuant to the recommendations set out in my logging feasibility study.

Once a fair market value price for the wood was established, a series of follow-up meetings was requested by Esquega and me as negotiators for the Band. At each of the subsequent meetings, Band negotiators explored with Mr. Fen Hedley, Vice-President Woodlands, what the cost to his company would be if NWP performed certain facets of the operation; his company had its own operations nearby. The meetings led to reductions in the previously agreed-upon price if NWP were to load and haul the wood, build and maintain the roads, and supply skidding equipment to the Band. The parties agreed that the tree length timber would be sold to NWP at roadside by the Gull Bay Development Corporation, with the purchaser being responsible for the roads, loading, hauling, and three skidders.

### Second Thoughts

An agreement was prepared for the signatures of the parties. But for the first time, Chief Esquega and his Councillors seemed to experience second thoughts on the matter, and several months passed before the contract was finalized on November 1, 1974.

With the recommendations of the feasibility study already agreed to by the Band and the promise of start-up funding already secured, what could the problem be? Obviously something was wrong. To try to get to the bottom of it, a full community meeting was scheduled, at which the Chief and Council, representatives of the Department of Indian Affairs and Northern Development and I would be in attendance to explain the proposed logging operation and the socio-economic benefits to be derived.

The community hall was filled with people. Once again the proposed project was carefully explained. However, for the first time, a new faction within the community made its presence known. The result was a shouting match between two very vocal groups. On one side was an aggressive group of frustrated young men anxious for employment. Opposing them was a middle-aged and older group expressing deep fears that a successful logging venture would result in their welfare benefits being reduced or eliminated. Assurances that the logging venture was not a scheme to force people to accept jobs placated most of the concerned citizens. However, upon adjournment of the meeting, several heated disputes were still in progress outside the building. Fear of change was very apparent in the case of the older group.



## ORGANIZATION AND OPERATIONS

### Anxious Moments - Critical Decisions

Chief Esquega and his Council decided that another community meeting should now be held to explain in greater detail how the Gull Bay Development Corporation would function and what its responsibilities to other agencies would be. This meeting was attended by representatives of the Ministry of Natural Resources, the Department of Indian Affairs and Northern Development, Employment Canada (Training Branch), Northern Wood Preservers, and anxious candidates for the jobs to be filled.

This was a productive meeting. The feasibility study's recommendations were again reviewed and many previously unresolved organizational problems were laid to rest. The most important decisions were:

- to proceed with "on-the-job" training rather than the more formal "canned" program with numerous paid vestibule hours spent viewing films and slides;
- to employ a local resident, the mature and "bush-wise" Pat Nawigijick, as Production Foreman, rather than an outsider;
- to pay for all production work done on a piece-work basis rather than on an hourly basis (a basis of payment later extended to apply to all employees, including supervisory and clerical);
- to harvest the merchantable mature timber on a modified clear-cut basis (alternate 2.4 ha [six-acre] rectangles or 4 ha [10-acre] square blocks) to provide a pleasing environment that would support wildlife populations essential for trapping and hunting.<sup>1</sup>

The whole plan was still very shaky, and appeared even more so while I travelled with Mr. Hedley to Gull Bay for this meeting. As we drove along talking and listening to the car radio, Mr. Hedley was expressing concern that the three skidders which he was committed to "rent" to the Corporation might not be properly maintained, and might even become damaged through vandalism. His views were no sooner expressed when, to my dismay, the radio newscaster announced that several pieces of heavy highway construction equipment had been damaged

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<sup>1</sup> It was fortunate that this decision was reached since it was not until two years later that Kiashke learned that it was operating in a "Park Reserve". Park personnel, although initially alarmed at the close proximity of the cutting, ultimately approved our modified cutting method.

through vandalism the previous evening in the vicinity of Gull Bay and that several Band members were being held pending further investigation by the police.

Mr. Hedley immediately stopped the car and asked me for one good reason why he should continue on to Gull Bay under such circumstances. In hindsight, the situation was humorous, but it was far from that at the moment. We learned later in the day from the constabulary that the extent of the damage had been greatly exaggerated.

The three skidders that had been promised by NWP had been completely rebuilt and painted by the company in its shop on the Thunder Bay waterfront and had then sat for some months in the yard waiting while the Band considered whether to sign the sales agreement. As the months slipped by, the machines were eventually assigned to work on the company's own operations. The "fun" began when the Band finally made the decision to sign the agreement and arrangements were made for the three machines to be delivered to a gravel pit within the Band's newly acquired timber licence area.

It was a cold, bright Saturday, late in October, 1974. The trucks with the three skidders arrived and unloaded their cargo at 10:00 a.m. But, obviously, these machines were not the same clean shiny units that had been parked for such a long time in the company's wood storage yard! A superficial inspection revealed several flat tires, dead batteries, damaged radiators, leaky oil seals, disconnected drive shafts and other defects. Evidently, the company's camp foreman to the south, on being instructed to transfer three machines and like any self-respecting production-minded supervisor, was not about to give up his best machines.

On the following Sunday morning, at the conclusion of church services, I encountered Mr. Hedley on the top step outside the church and uncharitably "thanked" him for the "scrap-iron" that had been delivered the previous day. A brief but heated discussion quickly followed. Fast action resulted as the company's mechanical superintendent and mechanics were immediately dispatched north to check out the allegations. All three machines were replaced within the week by good serviceable units.

### Start-Up Funding

Having secured a timber supply and a market with Northern Wood Preservers for 5000 cords for a six month period ending March 31, 1975, the Corporation had to complete final details of the funding through the Department of Indian Affairs and Northern Development. Based on earlier experience, I had estimated that a start-up loan of \$32,000 would be sufficient to cover stumpage fees payable in advance to the Ministry of Natural Resources, the workmen's compensation assessment payable in advance to the Workmen's Compensation Board, and an estimated two weeks wages for the workers. Although there was strong doubt on the part of the funding agency that an operation could be

started with such minimal funding, the loan application was promptly approved when it was pointed out that the amount requested was more than adequate to determine whether the Band was serious about starting its own operation. Chief Esquega accepted the following conditions of my continued involvement in the project:

- 1) No government grants would be accepted; repayable loans would be the sole source of start-up funding.
- 2) Capital equipment would not be acquired by the Band. Instead it would be provided through contractors or owner-operators, or both.
- 3) Piecework would be the basis of payment throughout the operation.

In the event that the workers didn't produce, the funds paid to the Province could be recouped, and the allocation of funds for wages would remain intact pending production. As history has demonstrated, Chief Esquega and the Band were determined to have their own native-operated and native-controlled forestry operation, and the loan was paid back in full within a very few months, with interest.

### Profiles of Key Personnel

During the interim prior to the actual start-up of operations, I spent many hours in the company of Chief Esquega, Pat Nawigijick, Fred Nowgesic and Sam Bernard, each with a very different background but with one thing in common: all four men had successfully made their own way working off the Reserve in the outside world.

Esquega had fought forest fires, planted trees, and cut wood for one of the larger timber companies nearby, and had served as a jack-hammer operator when the Natural Gas Line was built from Alberta to Eastern Canada. He also operated his own tugboat while fishing commercially on Lake Nipigon. His wife, Grace Esquega, operates a modest store in the community. I regard Tim as a young man not afraid of hard physical labour, with a determination to acquire a better life for himself, his family and other willing workers of the Reserve.

Patrick Nawigijick, a lifetime active trapper, worked seventeen years with the Ontario Department of Lands and Forests at Armstrong, where he became proficient in the maintenance and repair of fire fighting equipment, including fire pumps and outboard motors. In the early years of the Corporation's operation, during severe cold spells when the temperatures in the Armstrong area were reported to be -40°C (-40°F), Pat, at the end of each work day, would remove the batteries from the three wheeled skidders and drain the oil from the crank cases. He would then take them home with him where they were kept warm, so that the next morning the oil would flow readily and the batteries would have the power required to start the machines. For Pat, this meant not getting home until around 7:00 p.m. and leaving the next

morning at 5:00 a.m. to start the machines so as to have them warmed up when the work force arrived. Pat was the Production Foreman of the Corporation and took his job very seriously. His responsibilities included the allocating of the timber blocks to be cut by the various crews, marking out the block to be cut in conjunction with a technician from the Ministry of Natural Resources, and locating roads. Quality control was recognized as being of paramount importance in his responsibilities if the Corporation was to retain its one and only customer at the time. Perhaps it should be mentioned here that while Pat was starting up the machines, Chief Esquega was going around the village making sure that each one of the employees was getting ready for work — a most unpopular job on cold mornings.

Fred Nowgesic, the operation's "paper-man", ran the office in an efficient and meticulous manner, seeing that all bills were paid and that payrolls and cheques were prepared and distributed on schedule. Fred's off-Reserve experience included a number of years as a township clerk outside Thunder Bay.

Last, Sam Bernard had spent years working off-Reserve, cutting timber for the larger companies. His experience, enthusiasm for the operation and willingness to instruct the younger members of the work force were invaluable during the precarious start-up period.

### **Forest Operations**

The pure stands of jack pine growing on sand flats near the Reserve provided a logging chance that most loggers dream about but few experience. I was certain that the potential existed for a permanent forest-based economic community if additional sources of wood to cut could be acquired within the operating sphere of Gull Bay. To accomplish this, it was first necessary to gain credibility in the market place as a steady, dependable wood supplier.

Since the timber of the licenced area was predominantly pulpwood-sized, but with certain portions being well endowed with pole- and sawlog-sized material much in demand by Northern Wood Preservers, I recommended that the Corporation should avoid an expanding type of clear-cut that would liquidate the supply of choice pole material in a relatively short period. The fact that NWP was building and maintaining the roads made the concept even more attractive. Chief Esquega concurred, and at one time we considered cutting patterns of the famous Indian Thunder Bird in order that the pride and industry of the Band would be aroused in the initial stage. Ontario Ministry of Natural Resources forestry personnel at the district level, on learning that large clear-cuts were going to be avoided, offered to assist in the lay-out of alternate 2.4 ha (6 acre) rectangular cutting blocks. In this way, we achieved several operating objectives and eliminated the following matters of concern:

- a) We wouldn't be cutting all of the most desirable timber in the initial years, but would retain some of the more valuable material.

- b) We would get the licenced area opened up with a road system at an accelerated rate by Northern Wood Preservers, using the uncut preferred material for "leverage". This was extremely important since the Band was not in a position to construct, maintain, or expand a road system. In 1982 a "used" Caterpillar D7 bulldozer was acquired for road building and scarification work.
- c) We would leave the area in a "checker board" pattern of alternate blocks of cut-over and standing timber to serve as cover for the moose herds found in the area. This was considered important since moose meat, supplemented by fish, forms a substantial part of the diet of the residents of the community. Depending on the incidence of rot in the residual timber stands and any wind throw that might occur, the harvesting of the remaining block of standing timber would be deferred until the induced regeneration, supplemented with plantings, reached a height of 1.8 to 2.5m (6 to 8 feet). In this way, the land would be kept in production, growing the next crop of trees and providing ground cover to stabilize the soil of the "blow-sand" sections that exist in the area.
- d) Another major consideration was the conviction that this modified type of clear-cut would do minimal, if any, damage to the environment and habitat of wild life upon which trappers, like Pat Nawigijick, depend for their living. To the public travelling to Armstrong, the aesthetics of the area would be maintained as well.
- e) In times of a depressed economy, which are usually reflected in a drop in the demand and market price for wood products, the checker board cutting pattern would ensure that the blocks of standing timber left behind, being already accessed by roads, would remain available for cutting at any time for a decade or so. Road construction and maintenance comprise a significant portion of the direct logging costs.
- f) We would demonstrate to MNR and industrial foresters alike that native people are willing and able to utilize the forests to provide raw material essential to the forest industry. In so doing, they earn sufficient money to provide themselves with a standard of living comparable to that enjoyed by the rest of society. But it is important to harvest the various forest products in such a way as not to impose hardships on those Band members who derive their livelihood from hunting, fishing, trapping and tourism. Towards this end, through the willingness of Band members to do the work

and the excellent co-operation of MNR district personnel, all cut-overs will have been scarified, and seeded or planted or both, the first summer following the cutting. Having said this, I regret to note that the excellent regeneration germinating in the springs of 1980 and 1981 was not capable of surviving the very hot and dry summers that followed.

Supplementary benefits of the tree harvesting operation include year-round cone picking and spring tree-planting. These activities have proved to be a ready source of employment and money for young women, older people and teenagers. Transportation has been provided in the Corporation's passenger bus to recent cut-overs where the cones are picked. Potential thinning and releasing projects are being actively considered at this time as another employment and management possibility.

In the initial years, tree length timber was sold at roadside on the basis of volumes determined by Northern Wood Preservers' scalers who held "Domestic Scaling Licences" issued by the Ministry of Natural Resources. The volume scaled in accordance with provincial government regulations was accepted by the Crown for determination of stumpage fees by the purchasing company for the wood received, and by the workers as the basis for their pay. Workmen, in this way, receive pay only for the work performed.

### Equipment Ownership

Ever since the first presentation of the feasibility study to the Chief and Council, it was evident that Band members had a preference for ownership of equipment in the Band's name rather than a rental arrangement with Northern Wood Preservers. As the weeks went by, with long hours of detailed explanation of the pros and cons of outright ownership versus leasing or renting or both, it slowly became evident that equipment ownership was regarded as a measure of the effectiveness of elected leaders and hence a potential political issue at forthcoming elections. After the two points of view had been recognized and analyzed, it was decided that the question of equipment ownership would be resolved on the basis of financial, rather than political reasons. As a result, a satisfactory rental agreement was worked out with NWP.

However, the question of ownership of equipment refused to be put to rest permanently. It next appeared at the first meeting attended by Chief Timothy Esquega with other Indian Chiefs. Here the individual Chiefs exchanged employment creation ideas and related their activities. Leaders of other Bands used Band ownership of equipment in order to command esteem. Fortunately Chief Esquega quickly recognized that the creation of permanent employment as a vehicle for a better life-style for Band members was a more realistic yardstick for measuring quality of leadership. He and his Council did not have to look far to become aware of the number of worthwhile projects that failed because of too much equipment, insufficiently used and poorly maintained.



Photo 2. Aerial View Showing Clear Felling in Alternate Strips.  
Hwy. 800 appears in background.

O.M.N.R. Dule Mihailovic

Today, Chief Esquega is no longer impressed by ownership of equipment, but by the degree of job security for his people and the generation of meaningful new job opportunities for younger people.

### Crew Selection

Earlier investigation into the potential work force of the Band revealed that two individuals were experienced wheel skidder operators who were also knowledgeable in the art of felling and limbing trees. These men acted as crew leaders and instructors to the other two members of the crew entrusted to them. Within a fortnight, a third crew was added.

While the forest harvesting operation was first getting under way, a federal government "make-work" brush clearing project was also starting. At the Band office, two job notices had been posted side by side, each requesting applicants to write their names under the project of their choice. As could be expected, the older members of the Band preferred the brush clearing, leaving the forest harvesting to the younger and stronger men. The funding for the make-work project was exhausted just before Christmas, and the older men quickly attempted to claim the ongoing jobs of the younger workers. Band management, fortunately, stood firm in its decision that "bumping" would not be permitted. To have decided otherwise would have placed the future of the forest harvesting project in jeopardy.

Three-man cut and skid crews were established to maximize the number of jobs available and to minimize the impact of possible absenteeism. Unfortunately, the two older and experienced bush workers, who had played such an important role in the start-up phase of the logging operation, did not answer their recalls to work the following spring. Their reason for not returning was twofold: first, they were unable to keep pace with the younger men; secondly, the younger men with young families were in greater need of the jobs and money.

### Worker Training

As mentioned earlier, the decision had been made that on-the-job training would be adopted instead of a combination of on-the-job and classroom training. The newly recruited workers were carefully scrutinized and coached throughout the day to correct unsafe acts and to enable them to recognize hazardous working conditions. On each Thursday, after completion of the day's work, I reviewed proper felling and limbing techniques with the work force, using blackboard, slides and films. On each of these occasions a forest harvesting film was shown, as well as a travelogue nature film and a cartoon. It wasn't long before a large proportion of the community's population began to appear for the showing of the films. For six months, I spent every Thursday at the forest operation, which was 216 km (135 miles) north of Thunder Bay.

On a number of occasions, "Toe" Ketonen, the local representative of the Forest Products Accident Prevention Association, assisted in the field training demonstrations. In addition, during the shutdown of operations for the spring break-up period, the Ontario Provincial Police and the St. John's Ambulance Association conducted first aid courses over a number of weeks for members of the work force and housewives. The course was very well attended and received. Follow-up training sessions are planned.

### Preventive Maintenance of Mechanical Equipment

As stated previously, the purchase contracts committed Northern Wood Preservers to provide three serviceable wheeled skidders, at rental to reflect a reduced selling price of the wood. Operating costs and running repairs resulting from operator abuse were the responsibility of the Corporation, not NWP.

At the outset, a co-operative arrangement was developed whereby NWP's mechanical supervisors and mechanics worked with Strip Boss Pat Nawigijick and his crews in setting up service schedules, inspections and repair procedures. In practice, running repairs and servicing were done by the skidder operators and Nawigijick. Larger repairs, including welding, were done by NWP mechanics assisted by the affected skidder operator.

All parts, chokers, mainline cables, tools, and the like were bought at cost by the Corporation through the purchasing department of NWP, and delivered weekly to the work site by the company scalers. Diesel fuel and lubricants were purchased by the Corporation directly from dealer outlets at Armstrong, which made deliveries as required. In this regard, NWP provided a 4545 L (1000-gallon) fuel tank and a mobile storage shed on loan to the Corporation. (Today, with the company now replacing NWP, Kiashke buys directly from the rigging outlets in Thunder Bay).

Without this co-operative spirit between the two organizations and the care exercised by the operators, the excellent mechanical availability of the machines would not have been secured. Of course, unserviceable machines would have reduced employee earnings drastically and threatened the viability of the operation. A small charge was later introduced by NWP to defray expenses incurred through providing mechanical service to the Corporation.

Winter shelters for the machines were constructed using heavy clear plastic stapled to poles and rough lumber frames. Roofs were made of rough 1.9 cm (3/4-inch) plywood. Propane heater attachments were affixed to each machine. During the summer months, the heavy plastic was removed and placed in storage for the next winter. Now, the skidder owner-operators are able to use their pick-up trucks to warm up and start their skidders. By hooking up the coolant hoses of the two vehicles (1/2 ton and skidder) and permitting the warm coolant of the pick-up truck to circulate within the skidder, easier and faster starts are ensured.



## RECENT DEVELOPMENTS AND FUTURE PROSPECTS

### Operational Adjustments to Meet Changing Customer Needs

After three good years of working with Northern Wood Preservers, now a wholly-owned subsidiary of Abitibi-Price, market conditions changed. NWP was no longer able to resell the substantial volumes of jack pine pulpwood and chips generated from its lumber, railway tie and pole manufacturing facilities. With real sorrow, but now armed with some experience, encouragement, newly gained confidence, and a modest degree of credibility in the business community, the Corporation readily found new markets in 1977 for high quality dependable production with Domtar Woodlands and Great Lakes Forest Products Limited. However, finding new customers was easier than confronting the changes necessary to meet their needs for the trees to be cut into 254 cm (100-inch) lengths before being delivered to the mills.

Payment for wood delivered to the mills of these newly found customers was no longer based on a road-side scale; instead, wood was scaled at the mills. Of great concern was the fact that we now had to scale our own wood for payment of the cutters in lieu of the purchasers' road-side scale. In addition, we now had to engage contractors to load and haul the wood and to build our roads. Most important of all was the realization that we now had to secure financing to permit our cutters to be able to acquire their own skidders and become a part of the growing number of machine owner-operators in North America's highly competitive forest industry. But we did it!

In subsequent years, both the Corporation and individual members of its work force have borrowed money from time to time from banks and other financial institutions. The banks are cautiously lending money to the Corporation and individual members of the Gull River Reserve. In my opinion as well as that of others familiar with the situation at Gull Bay less than a decade ago, this is nothing less than miraculous.<sup>2</sup>

The change from delivering a tree-length to a short-wood product in order to accommodate the new market requirements was accomplished with a minimum of delay, and the cutters who were courageous enough to become skidder owner-operators were anxious to get to work with their newly acquired machines. In an unbelievably short time, more than 5000 cords of tree length were at roadside and negotiations were well under way with the owner of a mobile roadside slasher that would cut the trees into prescribed shorter lengths on a contractual piecework basis. While both Domtar Woodlands and Great Lakes Forest Products

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<sup>2</sup> See, for example, The Catholic Register, April 17, 1976, p.7, "Hope Sparks Miracle at Gull Bay".

expressed a willingness to purchase our production, the more difficult hauling conditions enroute to Domtar made Great Lakes the preferred market, although Domtar continues to receive about 5000 cords annually.

### Setbacks

However, the Corporation's history has not been one of uniform progress. Political storm warnings were highly visible within the Reserve throughout the summer of 1978, and Chief Esquega lost the fall election by a reported one vote, after six years in office. The newly elected administration did not possess the dedicated leadership qualities of Esquega and did not fulfill the agreement that had been signed with Great Lakes. The employment of Gull Bay residents in production and supervisory roles declined over the next two years as outside contractors were engaged to harvest sawlogs for the Thunder Bay market.

Instead of the comfortable operating capital anticipated from the 5000 cord inventory on hand when he lost the election, Chief Esquega, on his re-election, inherited a staggering corporate debt from the displaced administrators. In other words, the Corporation was in a worse financial situation and in greater debt in 1980 than in 1974 when it came into existence — truly a staggering retrogressive step for the Corporation and the community during Chief Esquega's absence. The already distressing situation became even more serious with the advice from the MNR that the Crown Timber Licence would be cancelled unless the pulpwood timber left behind, some of it on the ground, by the sawlogging contractors was salvaged promptly.

Because of the urgent requests of the electorate and the idled work force, Chief Esquega on his re-election undertook to re-establish the forestry operation and to recapture the credibility and respect that Gull Bay Band members had lost in the eyes of government agencies and the business community. It must be mentioned here that Chief Esquega and his new Council chose not to accept the recommendation of legal counsel to declare bankruptcy and start anew, but instead are working to pay off the debts inherited.

In June 1982, at a Board of Directors meeting twenty-two months after being re-elected, Chief Esquega and his Council proposed to change the name of the original Corporation to Kiashke River Native Development Incorporated. The Board, interested citizens and Band members of the community who attended the well-publicized open meeting strongly concurred. This action was taken in an attempt to separate Band political influences from the business decision-making process. The Corporation has, since then, harvested and delivered more than 17,000 cords to Domtar and Great Lakes. It has paid off some of the business debts incurred by the previous administration, signed a scarification contract with the MNR, purchased a Caterpillar D7 Bulldozer, signed wood sales agreements for 15,000 cords to be delivered by March 31, 1983, and co-operated with the MNR on a vastly more efficient cone picking and delivery system for the year.

## Future Wood Supplies and Operations

Depending on market conditions, it is likely that the mature merchantable softwoods on Kiashke's timber licence will have been exhausted by about 1987. With this knowledge, major timber licence holders in the area were contacted early in 1982 to explore means for supplementing existing timber supplies. It is a pleasure to report that all responses to date have been favourable to the Corporation, contingent upon maintenance of present levels of performance.

At present, discussions are under way with the MNR to work out a supply arrangement that will be beneficial to all parties. When this is concluded, Chief Esquega will have achieved a most remarkable form of security for his people.

As stated earlier, the present plan is to harvest the standing timber left behind after the modified cut, once the regeneration of the cut-over areas has reached a sufficient height to provide "cover" for the moose herds. Of course, the final harvest of by-passed blocks of standing timber will be advanced in the event that insect infestation, disease, or wind throw indicate the need to do so.

The recent advent of provincial budget restraints and the forest management agreements (FMA's) between major pulp and paper companies and the MNR have resulted in an announcement by MNR personnel that future reimbursement of the Corporation for out-of-pocket expenses incurred as a result of the modified cutting practice may have to be discontinued.<sup>3</sup> When reported at a Board of Directors meeting, the announcement generated a unanimous motion that present cutting practices should be continued. At the meeting, Director and trapper Pat Nawigijick referred to the visible reduction in animal numbers in the area to the north of Kiashke, where larger clear-cuts exist.

What, if anything, is being achieved by this checker board type of clear-cut? There are drawbacks. Cutters have to move their equipment and tools more frequently. Additional work falls to the Production Foreman in marking out the blocks to be cut and to be left standing. There is the additional cost of road maintenance and construction, as well as for the extra moving of the loader when loading the trucks for delivery of wood to the mills. Despite this, the concept has been accepted and readily adhered to by the Gull Bay Band members employed in the operation. Because Kiashke is more sensitive to the need to provide community employment, environmental safeguards and multiple-use of the area to satisfy all forest users, the additional costs are acceptable.

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3 As an incentive to encourage licencees to undertake modified cutting practices, the MNR reimbursed the licensee for the additional costs incurred in accelerated road building and maintenance and for labour expended in laying out the blocks.

Modified clear-cuts in pure softwood stands give rise to many benefits. Leaving the green standing timber in 2.4 ha to 4 ha (6 to 10 acre) blocks provides:

- 1) a fire retardant surrounding the clear-cut areas;
- 2) a microclimate that minimizes the drying effects of the sun on new regeneration from planting, scarification and seeding;
- 3) a reduction in the destructive effect of the wind on the "blowsand" tracts found in the licence area;
- 4) a well-used cover for moose during the winter<sup>4</sup>;
- 5) security in the form of accessible merchantable timber during periods of economic recession and tight money for road building;
- 6) an acceptable aesthetic environment near the boat launching ramp and in the park reserve itself (a concern of both MNR district park officers and tourist outfitters);
- 7) an attractive environmental setting as seen by the public travelling on the highway and by recreationists enjoying Kopka Lake.

A recent day in the field with MNR Unit Forester Wayne Nakamura and Production Foreman Eugene Esquega revealed that much of the jack pine regeneration induced by scarification, followed by seeding on hill tops, died during the first summer after germination as a result of the excessively hot periods in 1980 and 1981. Nakamura and I consider that the losses would have been much greater if the size of clear-cuts had been larger. To remedy the shortcoming, plans have been developed with MNR to plant the fail areas over a two or three year period. In 1983, 108,000 jack pine seedlings were planted by Kiashke employees, and scarification work continued. A schedule of site preparation and planting for future years is currently being concluded with MNR.

As noted earlier, the disadvantages of the modified clear-cuts are largely related directly and indirectly to increased production costs, as well as to a slowing down of the slashing process and loading and hauling. The setting up and conduct of a viable operation that would provide employment in the performance of a meaningful service were the overriding objective of Chief Esquega and myself, not

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<sup>4</sup> Personal communication from John McNicol, MNR Biologist, 1982 with regard to moose usage of residual blocks of timber.



Photo 3. Skidding to Roadside  
Capable Skidder Operator is Eugene Esquega.

the maximization of profits over the short term. Another serious problem stems from the fact that Kiashke has little operating capital and is relying on the sand-gravel terrain to permit "hot logging"<sup>5</sup> and give greater accessibility. In this manner, the inventory of wood in the bush is minimized because of the short period of storage at roadside, cutting crews can be paid, and production can be maintained.

### Effects of Logging on Wild Food Supplies

Many residents of Gull Bay, as in other small isolated communities, rely on trapping, fishing and hunting for some of their income and their subsistence. Many of these people are not trained to do other types of work, and some are too old to make educational upgrading or retraining practical. Resource developers, especially the large forest operators, have a responsibility to ensure that the environment is maintained at a quality that will continue to be compatible with residents' traditional vocations. The experience at Gull Bay demonstrates that, with proper management, timber harvesting, trapping and hunting can co-exist. Studies undertaken elsewhere in the north shed further light on the benefits attainable through multiple-use management of forest lands.

While no quantitative data concerning the consumption of wild food exists for Gull Bay, a study carried out at Cat Lake Reserve, another remote northern community, revealed that moose meat provided over 25 per cent of the community's protein intake and that wild food (including moose meat) accounted for nearly 50 per cent of the community's protein.<sup>6</sup> Small game, fish and beaver were the other major contributors. The author emphasized that native subsistence harvesting should be assumed to be an important existing use of wildlife resources in many hinterland areas and that the wildlife manager who ignores this risks double allocation of the resource and its consequent decline. I assume that this double allocation refers to moose hunting by outside sportsmen in addition to native consumption. John McNicol, Regional Biologist with the MNR, has advised me that the modified form of clear-cutting<sup>7</sup> practised by the

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5 Hot logging: Cut timber is moved to the mill with a minimum of delay in order to speed return of payment for the product. In other words, cut wood is not left in storage in the bush.

6 Hamilton, G.G., Practical Importance of Moose and Other Wild Foods to Natives in a Remote Northern Ontario Community, Department of Biology, Lakehead University, Thunder Bay, 1982.

7 The modified form of clear-cutting in this instance results in a checker-board pattern in which 2.4 ha to 4 ha (6 to 10 acre) blocks are clear-cut and equal-sized blocks of standing timber remain uncut.

Kiashke River Native Development Corporation on the west side of Lake Nipigon appears to be providing the late winter cover so essential if the moose herds of the region are to be maintained. The Gull Bay Indian Band residing in the immediate area depends largely on fish and moose in the area for food.

Soutiere<sup>8</sup> states that "although much remains to be learned of the effects of clear-cut size and of the interspersion and continuity of undisturbed blocks of forest, it is apparent that the marten would be least affected by keeping clear-cuts small and by scattering the cutting units". He further states that "the study demonstrated that the potential impact of timber harvesting on marten populations depends on the severity of the habitat disturbance. The partial cutting methods are compatible with the preservation of marten habitat and are recommended for multiple-use forests." Clear-cuts up to 15 years old are regarded as poor marten habitat.

Titterington, Crawford and Burgason<sup>9</sup> found clear-cutting beneficial to bird species that foraged and/or nested on the ground or in the lower vegetation strata, but detrimental to those species that are adapted to nesting in the softwood overstory. These findings concurred with those of Webb et al<sup>10</sup> for birds responding to logging areas in a northern hardwood forest.

Readers of this report are urged to read the paper by David Euler, Ecologist with MNR's Wildlife Branch.<sup>11</sup> Euler reminds his readers that the pristine forests of North America were not unbroken expanses of mature trees, filled with wildlife living harmoniously in balance with nature. He suggests that no myth is so thoroughly false as this one. Many people believe that before man began to exploit the natural world everything was calm, peaceful and unchanging, that the birds were happy in their nests, and that the deer always had a cute fawn at their heels. A more rational examination has repeatedly revealed that disturbance and disruption have been common occurrences over much of North America. Fires,

8 Soutiere, Edward C., Effects of Timber Harvesting on Marten in Maine, School of Forest Resources, University of Maine, Journal of Wildlife Management, Vol. 43, No. 4, page 850, October, 1979.

9 Titterington, R.W., H.S. Crawford and B.N. Burgason, Songbird Responses to Commercial Clear Cutting in Maine Spruce Fir Forests, Journal of Wildlife Management 26: 55-74, 1979.

10 Webb, W.L., D.F. Behrend and B. Saisorn, Effect of Logging on Songbird Populations in Northern Hardwood Forest. Wildlife Monograph 55, pp. 35, 1977.

11 Euler, David, How Does Clear Cutting Affect Wildlife? Presented at a seminar on clear-cutting held in Thunder Bay, February, 1977.

flooding, insects, and wind throw, for example, have always kept many of North America's plant communities in a state of flux and beyond the realm of preservation in majestic or pristine state.

Euler points out that disturbances are not new to the animals inhabiting the Boreal Forest of northern Ontario. He recognizes that clear-cutting in itself is not the major problem. Instead, he suggests that other factors are relevant: the size and shape of the cut, the cut's location with respect to drainage patterns, the time of year, and the other activities associated with the cut (i.e., the extent of operational planning; how the cutting is carried out; whether the clear-cutting provides increased access to hunters, thereby making over-harvesting of the animals a possibility).

A recent study of moose habitat in northeastern Minnesota<sup>12</sup> gives the following formula for good moose habitat:

- |   |                |
|---|----------------|
| 1) Cut-over less than 20 years old                  | 40-50 per cent |
| 2) Spruce-Fir forest (presumably mature)            | 5-15 per cent  |
| 3) Aspen-White Birch over 20 years old<br>and water | 35-55 per cent |

The authors of this study further state that "If cutting units are restricted in size they should be placed as close to each other as possible to create blocks of approximately 80 ha (198 acres), a size which appears characteristic of present prime moose range." This recommended size of cut-over blocks conforms to MNR's policy.<sup>13</sup>

Of particular significance to forest harvesting operations in Ontario are the findings of Telfer<sup>14</sup>, who also cites personal communication with G. Markgrew, that introduction of very large progressively expanding clear-cuts in northern Sweden has caused a decline in moose populations which had formerly risen under the influence of smaller clear-cuts.

Throughout the various studies of good moose habitat referred to by Euler, the consistent attribute was the presence of a wide diversity of age classes and competitive species.

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12 Peek, J.M., L. Ulrich, and J. Mackie, Moose Habitat Selection and Relationship to Forest Management in Northeastern Minnesota, Wildlife Mono 48: 1-65.

13 Flowers, Jack, and Fred Robinson, Policy for Controlling the Size of Clearcuts in Four Northern Regions, Forest Management Branch, Ministry of Natural Resources, February, 1976.

14 Telfer, E.S., Logging as a Factor in Wildlife Ecology in the Boreal Forest, The Forestry Chronicle 50: 186-190, 1974.

Euler points out that woodland caribou are not plentiful in Ontario and that their habitat requirements have been the subject of some controversy. The basic question apparently involves the winter supply of food. Some authors have reported that caribou require mature forests because they use the lichens associated with the forest type as a primary source of food in winter.<sup>15</sup> In their view, the destruction of such forest habitat by disturbances from logging or wildfire would lead to a decline in the woodland caribou population of the area. However, most evidence supports the contention that lichens are not necessary to caribou survival although caribou certainly eat them when they are available.<sup>16</sup>

Although this question is not settled beyond doubt, the weight of the evidence suggests that caribou eat a wide variety of plant material and do survive without lichens. Diets of these animals collected from Newfoundland to Alaska have consistently demonstrated that caribou will eat many things (Bergerud 1972, 1974; Cringan 1957; Klein 1968).<sup>17</sup> In spite of the controversy, it seems possible that

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15 Simkin, D.W., A Preliminary Report of the Woodland Caribou Study in Ontario, Ontario Department of Lands and Forests, Sec. Rep. 59, pp. 76, 1965.

Scotter, G.W., Effects of Forest Fires on the Winter Range of Barren-Ground Caribou in Northern Saskatchewan, Can. Wildlife Service, Wildl. Management Bull. Ser. 1, 18, pp. 111, 1967.

Scotter, G.W., Effects of Fire on Barren-Ground Caribou and their Habitat in Northern Canada, Trans. N. Amer. Wildl. Conf. 32: 246-259, 1967.

Edwards, R.Y., Fire and the Decline of a Mountain Caribou Herd, J. Wildl. Management 18(4): 521-526, 1954.

16 Bergerud, A.T., Decline of Caribou in North America Following Settlement, J. Wildl. Management 38(4): 757-770, 1974.

Euler, D.L., H.R. Timmerman and B. Snider, Woodland Caribou and Plant Communities on the Slate Islands, Lake Superior, Can. Field Nat. 90: 17-21, 1976.

17 Bergerud, A.T., Food Habits of Newfoundland Caribou, J. Wildl. Management 36(3): 913-923, 1972.

Bergerud, A.T., Decline of Caribou in North America Following Settlement, J. Wildl. Management 38(4): 757-770, 1974.

Cringan, A.T., History, Food Habitats and Range Requirements of the Woodland Caribou of Continental North America, Trans. N. Amer. Wildl. Conf. 22: 485-501, 1957.

Klein, D.R., The Introduction, Increase and Crash of Reindeer on St. Matthew Island, J. Wildl. Management 32(2): 350-367, 1968.

logging can be conducted in such a way that caribou will survive, if not benefit, no matter who is correct. This is attributed in MNR's "Policy for Controlling the Size of Clearcuts in Four Northern Regions" to the variety of plant communities that will be available.

With reference to small birds and mammals, Euler suggests that if harvest operations are conducted in such a way that total diversity is enhanced, then in general wildlife populations will thrive and be enhanced. There will always be food available for predators like hawks, owls, marten, fisher and foxes because the plant communities will support abundant herbivores.

### Kiashke's Contribution to the Gull Bay Community

Anyone familiar with the Gull River Reserve can attest to the profound impact that the Gull Bay Development Corporation and its successor, Kiashke River Native Development Incorporated, have had on the economy and spirit of the community. Unfortunately, statistical data are not available to adequately quantify the changes that have taken place on the Reserve since Chief Esquega's administration was given an opportunity to implement its campaign promises.

Hard data concerning social change are particularly lacking. However, the following excerpts from the Gull Bay Community Police Department's report for 1978-79 give an insight into some of the changes that had already taken place by that time.

Vandalism of school windows has been completely stopped, there has been a noticeable decrease in alcohol related offenses within the community, the belligerent and abusive behaviour against the police force which existed at the start of the project is no longer present .... The presence of law and order has resulted in noticeable social and economic development on the Reserve. A new power plant has been acquired to give better electrical services to the people, as well as a new water works system. Absenteeism at the school is at a recorded low.

The improvements have continued. Kiashke's operations currently employ 40 pieceworkers as loggers, cone pickers, tree planters and haul crew. Total wages over the period November, 1974 to November, 1982 amounted to about \$4,000,000. In the operation of April 1, 1982 to March 31, 1983, the Corporation grossed approximately \$1,350,000 of which about \$900,000 were paid out to Band members and sub-contractors. During the year an improved community fire protection program, with fire station, was added along with a modern new school.

Kiashke has performed as a good corporate citizen to the Gull Bay community. The Corporation and its predecessor have made several donations to the community since 1974. These have taken a variety of

forms and include total or partial financial support of community projects. Some examples are:

- cost sharing of heat and electricity for the Band office;
- Christmas parties for children;
- community sports (mainly baseball and hockey), including facilities and outside competitions;
- transportation of cone and blueberry pickers to work site and transportation of production to market (mainly Armstrong);
- construction of boat launching ramp in conjunction with DIAND;
- underwriting the cost of pre-Christmas make-work programs for residents;
- house maintenance, repairs and fuelwood for the aged and ill;
- repairs to the community cemetery;
- replacement of old hydro poles with new and improved poles;
- assistance with funeral expenses.

By continuing to do what they have been doing, residents of the community of Gull Bay can look forward to even greater improvements in personal prosperity and community services as they continue to produce and provide.



PROSPECTS FOR SMALL-SCALE, COMMUNITY-BASED ENTERPRISES  
IN ONTARIO NORTH OF 50°

Problems Confronting Community Economic Development

The success of Kiashke Native Development Incorporated at Gull Bay provides tangible evidence that the concept of a viable forest-based community can be made to work in other small isolated communities in Ontario North of 50° and thereby alleviate many of the more pressing problems confronting them.

Most of these small communities have economies based primarily on trapping, hunting and fishing in their extensive hinterlands, on government funding for economic development and on make-work and welfare payments. Many of them are still isolated from the major extractive operations of logging and mining, while others have been or are about to be exposed to them. The small communities of Ontario North of 50° are exceedingly vulnerable to economic, social, and cultural disruption associated with the incursion of extractive operations and resource access roads into their hinterlands, the disturbance of their traditional economic and subsistence activities, and increasing exposure to outside influences.

On the other hand, native and other residents of these communities assert, with considerable justification, that they receive few or no social or economic benefits, either direct or indirect, from large-scale resource-based development. As this report has shown, formidable barriers stand in the way of their fuller participation in development. Many of them find themselves ill-equipped to take the employment that may be available in industry.

Moreover, many northern communities have been left high and dry by development in the forestry and mining sectors. In the past, logging operators harvested the most readily accessible and choicest merchantable timber stands at an accelerated rate and then moved on to other bonanzas without any concern for the impact of their actions on residents. It is particularly sad when established communities become the victims of a sudden short-term, high production, boom-and-bust activity. The extractors move on with their financial gains, leaving the local residents, mainly native people, with their economic base, social structure and natural environment seriously damaged.

Scarcity of employment opportunities and the resultant poverty are unmistakably evident in the small northern communities, and these problems seem to become even more serious with increasing distance from the larger northern urban centres. Unlike the larger centres, these small remote communities are mainly dependent on high-cost air transportation and lack well-established resource-based industries, a diversified economic base or the imaginative, highly-motivated small business entrepreneurs who have played a major role in job creation and economic growth throughout the rest of Ontario.

Lacking such local entrepreneurs and their catalytic effect, small northern communities necessarily rely heavily on economic development funding by government agencies. This source of support is less effective than it should be, for a variety of reasons. In many cases, the agencies engage consulting firms that are unfamiliar with the north and hence unable to recognize good business opportunities when they encounter them. Other difficulties arise from the lack of built-in control mechanisms to ensure that programs achieve their intended objectives, thereby justifying future programs and funding, and that government bureaucrats and Band politicians perform their roles effectively.

Because of the desperate need for jobs, local Band politicians may be overly anxious to bring residents onto the payroll immediately after approval of funding for a project. At this stage, friends, relations or political allies may be placed on the payroll in management positions, even though their skills and qualifications may be inadequate and a full-time job vacancy may not actually exist. When this happens, the funding for the project becomes frittered away, and the project will fall short of its intended objectives.

Community politicians are becoming increasingly aware of the numerous agencies searching for projects to fund. In the absence of a single "clearing house" for the dispersal of economic development funds, there are strong risks that funding of projects will be duplicated or that one agency's program will destroy the long-term program of another.

Every effort should be made to develop entrepreneurial skills within the local population, so that work can be performed by individuals on a contract basis, with the job requirements and responsibilities being carefully explained so that they are clearly understood. Experience has taught me that when a Band or community as a whole is assigned responsibility, no one is actually responsible; the job requirements aren't fulfilled and little is achieved for the money spent. What happens when no one takes responsibility? Mechanical equipment is not winterized with anti-freeze and winter lubes; cement mixers are left filled with cement; no one ensures that break-even productivity requirements are met regularly. These are just a few examples of what I have witnessed in northern communities in the absence of individual performance requirements, regular work progress assessments and cost controls.

### User Controversies and their Resolution

Society is becoming increasingly insistent that natural resources must be allocated, used and managed so as to ensure a flow of benefits to a diversified array of interests and users. In the case of Ontario north of 50°, controversies between users and potential users of the resource base are becoming more and more apparent and increasingly clearly articulated. The people living in small isolated communities

constitute but one of the groups having a major stake in resource development in the north; of all the groups, their voice has been the weakest and least backed by political clout. For these reasons, the prospects for establishing community-scale, resource-based enterprises across the north must be appraised in the context of the major resource allocation and management issues of the north and the steps being taken to resolve them.

Wood supplies for existing wood-consuming mills are still being extracted mainly from the forested areas more accessible to the mills. However the timber harvest is shifting steadily northward and becoming increasingly dependent on the softwood supplies north of 50°. Not only does this northward shift entail increasing transportation costs for getting men, material and equipment into the bush and bringing raw materials to the mills, but it is also extending the harvest deeper into areas regarded by various groups and individuals as their own domain. In addition, the northward expanding network of forest access roads is bringing increasing tourism and recreational pressures to bear on lakes and streams hitherto little known except by trappers, native fishermen and other residents of small isolated communities.

Various resource allocation, management and socio-economic issues came to a head in the mid-1970's, when Reed Paper Limited began to seriously examine the prospects for establishing an integrated forest products complex in the Red Lake area using timber from a tract of 19,000 square miles to the north. Native and other interest groups were quick to register their protests, giving impetus to the creation of the Royal Commission on the Northern Environment and intensified land use planning for the West Patricia area.

The Reed company's application for a timber harvesting licence at the headwaters of the Albany River served to focus public attention on the deficiencies in forest regeneration in already harvested areas farther south and to illuminate the basis of the controversies between the various users relying on productive healthy forest environments for their livelihood or their enjoyment: the forest industry, tourist operators, tourists and recreationists, wilderness advocates, trappers, fishermen, and the native and other inhabitants of small remote settlements.

Intensified activity on the part of the forest industry in the north is the result of many factors, the most significant of which include:

- 1) the risk of shortages of unprocessed forest products at acceptable costs delivered to the mills;
- 2) the "evergreen" type of licence that the MNR has recently made available to the industry in the form of Forest Management Agreements; and
- 3) the financial incentives offered by the government to expedite the work set out in these agreements.

With respect to the first factor, rising energy costs and increasing distances to transport the raw material to the mills have become an increasingly serious matter to the industry and have focussed new attention on the need to maintain the productivity of forest lands in closer proximity to the mills. With respect to the second, the "evergreen" type of Crown Timber Licence provides the industry with an ongoing tenure in place of the previous inflexible "21-year" period, thus relating the period of a licence to the length of time required to grow a merchantable softwood tree.

With respect to the financial incentives offered to expedite reforestation, to modernize plants and to defray the costs of building roads to government standards, the people of Ontario will be the beneficiaries. Jobs will be created in both northern and southern Ontario. On reaching maturity, new forest growth will generate revenue to the province in the form of stumpage paid by the forest industry for the trees that it cuts. As for the road assistance program, because all roads revert to the Crown, the public eventually becomes the major user. In addition, the roads program should serve to nullify any industry reluctance to rapidly expand cutting operations into mature and overmature timber stands throughout the licenced area. This new flexibility of movement will tend to reduce the size of clear-cuts and minimize the risk of timber losses from wild fire, insect infestation and wind throw, while maintaining a greater amount of forest cover for wildlife and overall aesthetics.

The demand on the resource base has grown to the point where the Ministry of Natural Resources, the custodian of most of the province's forest land, must now intensify its efforts to ensure that the forest industry, traditional forest users, other interest groups and citizens of the province continue to benefit from the resource base of Ontario north of 50°. This will best be accomplished through the implementation of the multiple-use concept of management, which seeks to balance and meet the needs of forest users and places the onus on the various users to become more tolerant towards each other's rights. Professional foresters in Ontario have long been advocating this approach.<sup>18</sup>

The prompt implementation of the Forest Management Agreements in regions north of 50° is essential if the multiple-use concept is to become a reality and thereby make available the full range of benefits that forests can provide and society needs in perpetuity: steady employment; timber for building materials; pulp and paper to meet educational, personal and business needs; food and shelter for wildlife; adequate quantities of high quality water and oxygen; an attractive environment for tourism and outdoor recreation.

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<sup>18</sup> See, for example, A Forest Policy for Ontario, Ontario Professional Foresters Association, 1970.

Intensified forest management planning and greater activity in the field by industry demonstrate a determination to regenerate cut-over areas and restore the land to growing timber. To supplement their own remedial initiatives, Canada's industrial forest managers are looking more closely at what is being done in other forested countries to resolve the complex problems confronting forest users throughout the world.<sup>19</sup> Ontario's forest industry has arrived at the point in time when it should be expanding its concerns beyond wood production to include outdoor recreation, maintenance of wildlife habitat, protection of watersheds, and preservation of environmental quality. Through planning and implementation in the field, these objectives can become a reality.

### Concept of Viable Forest-Based Communities

Permanent communities based on renewable natural resources have been in existence in Europe for centuries. The experience of Kiashke and the Gull River Reserve demonstrates that the concept of viable forest-based communities can become a reality at many places in Ontario north of 50°. The principal economic benefits would be employment and business associated directly and indirectly with resource development, maintenance and extraction. The primary social benefits would be those arising from the opportunity to pursue meaningful work near and within the community and the freedom and control over one's destiny that accompany having money in the bank.<sup>20</sup>

The concept does not entail the creation of new communities, but rather the establishment within existing communities of entrepreneurial skills and employment, based largely on natural resources available in the communities' hinterlands. The geographic pattern that I envisage is one in which community-based operations will be interspersed throughout the north among larger-scale forest industry operations and the activities of other forest users in a multiple-use setting. Those parts of a community's hinterland more accessible to the community — within reasonable commuting distance — would be intensively managed to achieve optimal levels of benefits associated with the forest environment. This calls for the management of forest, wildlife, recreation and water resources in accordance with sound multiple-use and conservation principles, tailored to meet the present and long-term needs of the community while continuing to

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19 See Report on a Study Tour by the Forest Management Group, Woodlands Section C.P.P.A. to Sweden and Finland, Canadian Pulp and Paper Association, September 1980.

20 Final Report, Cluff Lake Board of Enquiry, appointed by the Saskatchewan Department of the Environment, May 31, 1978. This report contains an excellent account of benefits attainable through a community development approach.

conform to the provincial government regulations applicable to all forest users. These more readily accessible hinterland areas would represent the main spheres of activity for entrepreneurs and workers living in the community. Clearly, the viability of local enterprises would be strongly related to the potentials of the natural resources within the hinterland. While some areas will be less well-endowed than others, it should be noted that a permanent community need not depend entirely on a single resource but may exploit the total potential of all resources for all uses.

Areas more remote from the communities may be utilized by community-based trappers and hunters but are well beyond reasonable commuting range for workers engaged in a local enterprise. Here, resource-using activities would be based not in the communities but would be carried out from present style bunk-house logging camps and trappers' cabins or by commuting in helicopters or STOL aircraft. Here, too, the forest environment would be managed so as to meet the needs of all existing or potential users.

### Prerequisites for Success

Until very recently, the activities and practices of the high profile resource-using industries have not been conducive to the formation of small, viable, community-based enterprises of the type exemplified by Kiashke River Native Development Incorporated. Predictably, competing demands for supplies of natural resources have tended to be expressed in the form of confrontations and controversies among the various resource-using industries, with the major industries having the greatest clout in influencing decision-making on resource allocation and management. In such a milieu, multiple-use principles of resource management are unlikely to take hold and small-scale, resource-based, community enterprises are unlikely to be created or thrive.

Indications now are that government and resource users are becoming more and more committed to implement the principles of multiple use and that the extraction industries are learning the art of compromise and becoming more willing to share the forest land essential for the well-being of all users. However, among the controversies, those between the extraction industries and the wilderness pressure groups seeking extensive non-commercial, non-managed forest areas for a "wilderness experience" remain the most acerbic and intractable. In my view, Ontario's elected representatives must resolve this particular issue on the basis of the essential needs of the people of Ontario, northerners particularly, for employment and not on the basis of the personal and spiritual desires of citizens, mainly in the south, to preserve vast areas of forest land for their exclusive enjoyment. I believe that the solution of the region's unemployment problems should be accorded first priority and that multiple-use, sustained-yield principles can accommodate the needs of all users without permanent or significant damage to the aesthetics of an area or its water and air quality. The Algonquin Forest Authority,

which regulates timber harvesting and related activities in Algonquin Park, provides an example of the manner in which the needs of people and industry can be accommodated and co-exist with the desires of wilderness advocates.

The limited political clout of northerners in general and the local residents of small isolated communities in particular is beginning to lead the resource-based industries to recognize that they have the power and an obligation to do something about jobs for the people whose environment and means of livelihood are being affected by resource development.<sup>21</sup> Resource industries in Ontario north of 50° are beginning to accept the principle that in return for government's permission to extract raw material (for which they pay a fee to government), there must be economic and social development benefits for northerners. Until now, the local residents of small, isolated northern communities have been losers in resource development, with few exceptions. While there has been modest acceptance of the involvement of local residents in forest production activities in recent years, the rate of increase in local employment has been far too slow and the range of vocations offered much too small. Government bureaucrats and industrial managers have an obligation to fit northern local residents into meaningful permanent occupations, taking into account cultural differences where necessary.

Commitment to multiple-use principles of resource management and recognition by industry of its obligations to provide employment, then, are two main general prerequisites for an environment favourable to the creation and success of small community-based entrepreneurial enterprises. These prerequisites must be translated into specific actions if such enterprises are to take root on a significant scale across Ontario north of 50°. The story of Kiashke provides insight into some of the particular ingredients required for success.

The basic ingredient for success in the case of the Gull River Indian Reserve has been leadership, initiative and sustained determination to overcome obstacles that arose. Kiashke River Native Development Incorporated was created and has been successful because Chief Esquega and a nucleus of other residents were not willing to succumb to a habitual dependency on others and the low quality of life that dependency entails.

A second ingredient has been the determination on the part of community leaders to harness to the full those practical, educational and managerial skills available within the community and to gain access to on-the-job training and outside advice on technical, operational, marketing and other business matters in which members of the community had little or no experience.

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21 See the example of Syncrude Canada in Northern Alberta, as presented in the seminar Community Relations and Native Employment by Syncrude Canada Limited and the Department of Indian Affairs and Northern Development, Thunder Bay, November 1980.

A third ingredient has been the existence near the community of adequate good quality timber resources and within the community's broader hinterland of other resources of fur bearers, game and fish to sustain the community's traditional economic and subsistence activities. Related to this asset was the existence of a basic road system for exploitation of the timber resources and for transportation of the timber to the mills at Thunder Bay.

A further ingredient has been the willingness of the main external parties to the enterprise to work with community leaders in establishing it and helping to ensure its success. In the case of the logging enterprise at Gull Bay, community leaders came forward with a realistic and well thought out plan for economic development in the vicinity of the Reserve and presented it to the Ministry of Natural Resources, the Department of Indian Affairs and Northern Development and Great Lakes Forest Products Limited. Even though major doubts existed as to the capability of a native-operated and native-controlled business for survival in the highly competitive forest industry, Chief Esquega and his people were given a chance to prove how seriously they wanted jobs. DIAND provided start-up funds, which were quickly repaid. MNR's personnel in Nipigon District encouraged Kiashke to design its forest harvesting operation in a manner that maintains the socio-economic stability of the forest users of the region, including those living on the Reserve. MNR and GLFPL collaborated in securing timber supplies for the enterprise, and the latter provided a market. The rest is history; all parties to the undertaking have benefitted, not least the overburdened taxpayer.

A fifth ingredient — not one come by without considerable soul-searching — was the decision on the part of Chief Esquega and other leaders to conduct the enterprise as a business divorced from Band politics and control. Experience gained from Kiashke and from initiatives elsewhere has demonstrated that, while corporately- or individually-controlled enterprises with their own equipment may have a reasonable prospect of success, political or collective responsibility simply does not work. Ownership of an enterprise or equipment for reasons of status alone makes very little business or economic sense.

### Recommendations

I believe that the multiple-use concept of resource allocation and land management provides the key to orderly, equitable and beneficial development of Ontario's north. Residents of small, isolated northern communities, as well as other forest users, must gain better opportunities to participate in development, to share in the benefits generated, and to make a significant input into the plans of both government and industry.

Kiashke River Native Development Incorporated has been a keen, flexible and effective partner in resource development in the Gull Bay area. The Kiashke experience might well be taken as a model for other

native businesses in communities north of 50° to participate in the planning and implementation of development within the communities' spheres of interest. Kiashke and the Gull Bay Band have pressed wholeheartedly for sustained-yield management of renewable resources and maintenance of a healthy environment in which to live.

The Kiashke enterprise was created and became a success because a number of favourable circumstances and ingredients came together. These were: local leadership and initiative; determination to make maximum use of community skills, to conduct the forest operations as a business and not a Band venture, and to seek outside advice and training where necessary; access to a productive resource base and to markets; cooperative attitudes and actions on the part of governments and industry as regards advice, on-the-job training, start-up funding, and markets.

Governments and industry, through recognition of principles of multiple use of renewable resources and the accommodation of all forest users' needs, are creating preconditions for the establishment of viable small-scale business ventures in communities elsewhere in Ontario north of 50°. These preconditions can be bolstered by a number of specific actions on the part of both government and industry.

#### **Promotion and Implementation of Multiple-Use Principles**

1. Government should implement more aggressively its commitment to principles of multiple-use and sustained-yield management of natural resources so that resources may provide an ongoing and stable source of economic and social benefits to all forest users and so that outstanding issues between user interests may be resolved. The Ministry of Natural Resources must play leading roles as planner, arbitrator, catalyst, and decision-maker.
2. Government and educational agencies across Ontario should promote awareness on the part of all forest users and the public generally of the changing, dynamic nature of the forest and the prospects for managing the forest to meet all user needs in perpetuity and mitigating the adverse effects of natural disturbances and logging. Increasing awareness of these matters will foster an already apparent spirit of compromise and sharing.
3. Government should expedite the drawing-up and signing of Forest Management Agreements for areas of potentially productive forest in Ontario north of 50°.
4. The Ministry of Natural Resources should evaluate the economic and social costs and benefits associated with forest land areas designated for wilderness and other essentially single uses and, where studies so indicate, return such areas to multiple-use management.

5. The Ministry of Natural Resources should establish communication and advisory committees to ensure dialogue among users, including small-scale community enterprises, on matters respecting resource allocation and management, in order to secure effective public involvement in working out equitable solutions to user issues in accordance with established guidelines.
6. Government agencies and industry should collaborate in the planning, financing and construction of an all-weather road system in order to reduce the size of clear-cuts and increase the number of forest age classes within a fixed area. The network will also disperse the activities of other forest users and reduce the use pressures on those areas most accessible to people. A good road system is a prerequisite for proper management of resources.

### **Formation and Support of Community Enterprises**

7. Government and industry should make a public commitment that they will work together to facilitate the formation and conduct of small-scale, mainly native-operated and native-controlled, enterprises under terms and conditions similar to those pertaining to Kiashe River Native Development Incorporated at the Gull River Indian Reserve.
8. Ministry of Natural Resources' land use planners in the north should be instructed to incorporate the concept of permanent resource-based communities and associated enterprises into their overall planning for northern development.
9. The Ministry of Natural Resources and the Department of Indian Affairs and Northern Development should investigate community potentials across the north for small-scale, resource-based enterprise development by conducting inventories of natural resource productivity in the communities' hinterlands and leadership and skill assets within the communities themselves.<sup>22</sup> This investigation, which would be made available to the public, should define sustainable levels of resource use and establish criteria for enterprise success.

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22 A start has been made. See:

Blair, John R., R.P.F., Availability of Merchantable Softwood Timber Supplies Accessible to Big Trout Lake (Long Dog Lake), Muskrat Dam Lake and Round (Weagamow) Lake, Dept. of Indian Affairs and Northern Development, Sioux Lookout, 1982.

Blair, John R., R.P.F., Overview of the Potential of Merchantable Softwood Timber Resources as the Basis for Providing Employment Opportunities by Developing Forest-Use Timber Harvesting and Milling Operations for Eighteen Indian Bands, Dept. of Indian Affairs and Northern Development, 1979.

10. Government should encourage community leaders, commercial interests and other forest user groups in Ontario north of 50° to submit proposals for development to both the manager of the appropriate Ministry of Natural Resources district and the community member designated as responsible for development matters. Each proposal would indicate how the project's benefits would contribute to the achievement of the community's, industries' and governments' objectives.

#### **Training and Advisory Services**

11. When allocating Crown land to forest companies in Ontario north of 50°, the Ministry of Natural Resources should require the companies to make a firm and specified commitment to train and employ local residents, mainly native people. This commitment would pertain only to those residents who apply and become qualified through completion of the companies' on-the-job training programs to fill the job vacancies that become open. Arrangements such as those worked out by Great Lakes Forest Products Limited, the Ministry of Natural Resources and the Gull Bay Band would be satisfactory.
12. Government funding agencies already established for such purposes should undertake to reimburse companies participating in on-the-job training programs for all their out-of-pocket expenses.
13. The resource industries should collaborate with respected community leaders to identify promising local candidates for practical on-the-job training.
14. The resource industries and government should be prepared to advise and assist community entrepreneurs, as necessary, on a wide range of technical, operational, marketing and other matters. Government economic development agencies would provide the necessary financial assistance.

By careful land use planning and implementation of multiple-use principles of land management, the forest environments of Ontario north of 50° can provide the employment needed by citizens, the raw materials required by industry, and the biological resources and aesthetic settings essential for tourism and outdoor recreation. Moreover, they can provide new opportunities for small-scale enterprises, such as Kiashke River Native Development Incorporated, to contribute employment, income and self-reliance to isolated communities across the North.



## APPENDICES

APPENDIX A

KIASHKE RIVER NATIVE DEVELOPMENT INCORPORATED

Production Statistics

November 1974 to November 1982

Wood Production and Deliveries<sup>1</sup>

| <u>Season</u>    | <u>Volume Contracted</u> | <u>Volume Delivered</u> |
|------------------|--------------------------|-------------------------|
|                  | (cords)                  | (cords)                 |
| 1974-75          | 5000                     | 5342                    |
| 1975-76          | 10000                    | 13080                   |
| 1976-77          | 14000                    | 14389                   |
| 1977-78          | 21000                    | 18128                   |
| 1978-79          | 12000 <sup>2</sup>       | 10387                   |
| 1979-80          | 10000 <sup>2</sup>       | 10171                   |
| 1980-81          | 10000 <sup>2</sup>       | 6000                    |
| 1981-82          | 10000                    | 11500                   |
| 1982-83          | <u>15000</u>             | <u>17750</u>            |
| For Total Period | 107000                   | 110747                  |

1 Deliveries were by hauling contractor.

2 Estimated volume: a change in Band administration resulted in involvement of a non-native timber contractor.

Note: For 1983-84, Kiashke has contracted to produce and deliver 20,000 cords of forest products to regional pulp mills and sawmills.

## APPENDIX B

### KIASHKE RIVER NATIVE DEVELOPMENT INCORPORATED

#### Selected Performance Measures

(November 1974 to November 1982)

|  |                          |                        |
|--|--------------------------|------------------------|
| Current Work Force (9 Month Work Year) | Salaried<br>Pieceworkers | Nil<br>40 <sup>1</sup> |
| Total Wages                            | \$4,000,000 <sup>2</sup> |                        |
| Wood Delivered (Cords)                 | 110,747                  |                        |
| Cones Picked (Bushels)                 | 5,000                    |                        |
| Trees Planted (No. Seedlings)          | 2,000,000 <sup>3</sup>   |                        |
| Area Seeded (Acres)                    | 933                      |                        |
| Area Scarified (Acres)                 | 1,343                    |                        |
| Area Cut-Over (Acres)                  | 3,000                    |                        |

<sup>1</sup> Includes loggers, cone pickers, tree planters and haul crew.

<sup>2</sup> Includes loggers, cone pickers, tree planters and haul crew and also donations for community projects.

<sup>3</sup> Trees planted in the region, both within and outside the Kiashke licence area.

Sources: MNR and Band/Kiashke records.

APPENDIX C  
CHRONOLOGY OF EVENTS

- Summer, 1972 - Chief Esquega expresses interest in woods employment to writer.
- August, 1972 - Esquega wins the election.
- Spring, 1973 - Series of meetings with DIAND, MNR and GLFP management personnel.
- June 7, 1973 - GLFP officially makes area available, allowing two years for establishment of a reasonable forest harvesting operation. MNR concurs.
- October, 1973 - Feasibility study completed.
- February, 1974 - Ontario Government grants charter to the Gull Bay Development Corporation, predecessor to Kiashke River Native Development Inc.
- July 12, 1974 - Start-up loan agreement signed in the amount of \$32,000.
- October, 1974 - Crown Timber Licence 363200 issued by MNR to the Corporation.
- October 28, 1974 - First tree is cut by Corporation employees.
- November 1, 1974 - First agreement for sale of wood to NWP.
- Spring, 1977 - Converted from tree length sales to NWP to 8' pulpwood sales to Domtar and Great Lakes.
- August, 1978 - Chief Esquega loses the election.
- August, 1980 - Chief Esquega re-elected.
- Summer, 1982 - Corporate name and licence transferred to Kiashke River Native Development Inc.
- Fall, 1982 - Corporation bought its first major piece of equipment in the form of a second hand Caterpillar D7 Bulldozer for road building and MNR scarification contracts.
- Summer, 1982 - Undertook scarification contract with MNR.
- November, 1982 - Entered into first agreement for sale of sawlogs in order to keep employees working.
- Spring, 1983 - Tree planting contract with MNR for planting on the licence area.
- Kiashke has contracts for sale of 20,000 cords as follows:
  - GLFP - 10,000 cds pulpwood
  - Domtar - 5,000 cds pulpwood
  - Abitibi - 3,000 cds pulpwood
  - GWT - 2,000 cds logs
- Fall, 1983 - Scarification contract







